

Attachment 14B: Prior Period Adjustments (PPA) Format Information

Question: What is the format for restated financial statements?

Answer: The Office of Management and Budget (OMB) responded to this question on December 16, 2002 as follows, “Comparative statements include the current year and the prior year(s). If the prior year(s) is restated, the original figures (before restatement) are typically not presented in an additional separate column.” OMB further cites the Statement of Federal Financial Accounting Standard (SFFAS) No. 21 paragraph 10(c), “The nature of an error in previously issued financial statements and the effect of its correction on relevant balances should be disclosed,” and paragraph 13(c), “The nature of the changes in accounting principle and its effect on relevant balances should be disclosed in the current period.” The discussion in the note disclosure(s) should enable the reader to understand the adjustments that were made in the financial statements. Likewise, amounts in the note disclosures should tie to the amounts on the face of the financial statements, when possible. Tables in the note disclosures should include restated amounts and a discussion thereof to avoid misleading the reader. The OMB can provide guidance in the preparation of the financial statements and disclosures; however, the determination as to whether your “...actions include a sufficient display and disclosure of information for restatement purposes...” rests with your auditors.

Question: Can DDRS accommodate the restated financial statement format?

Answer: Yes. Adjustments to the presentation of the prior period to reflect the restated amounts can be made using the DDRS comparative balance adjustment tool. The result will be the restated prior period column and will then be more comparable to the current period. In addition, the Statement of Changes in Net Position format to reflect:

1. Beginning Balance	\$x,xxx,xxx.xx
2. Prior Period Adjustments	
2.a. Prior Period Adjustments – Restated (+/-)	<u>\$x,xxx,xxx.xx</u>
2.b. Beginning Balance, Restated	<u>\$x,xxx,xxx.xx</u>
2.c. Prior Period Adjustments – Not Restated (+/-)	<u>\$x,xxx,xxx.xx</u>
3. Beginning Balance, as adjusted	\$x,xxx,xxx.xx